

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
HAWAIIAN ELECTRIC COMPANY, INC. )  
For Expedited Approval to Donate )  
An Electric Bus )

DOCKET NO. 2007-0169

DECISION AND ORDER NO. 23674

DIV. OF CONSUMER ADVOCACY  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

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Karen Higashi.  
Chief Clerk of the Commission

ATTEST: A True Copy  
KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

Karen Higashi.

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HAWAIIAN ELECTRIC COMPANY, INC. )

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Docket No. 2007-0169

Decision and Order No. **23674**

DECISION AND ORDER

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") application for approval to donate its electric bus to the State of Hawaii Department of Business, Economic Development & Tourism ("DBEDT") for use, after refurbishment, as a mobile tool workshop for the FIRST (For Inspiration and Recognition of Science and Technology) NASA Robotics regional competition.<sup>1</sup>

I.

Background

A.

Interim Relief

By letter dated and filed on June 22, 2007, HECO sought expedited interim approval to donate its electric bus to DBEDT

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<sup>1</sup>HECO's Application and Certificate of Service, filed on July 6, 2007 ("Application"). HECO served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex-officio party to all proceedings before the commission. See Hawaii Revised Statutes ("HRS") § 269-51; Hawaii Administrative Rules § 6-61-62.

for use, after refurbishment by the military (or by a military contractor), as a mobile tool workshop in the FIRST NASA Robotics regional competition that is scheduled to take place in Hawaii in March 2008.<sup>2</sup> According to HECO, it requested expedited approval by June 29, 2007, to allow DBEDT sufficient time to have the electric bus refurbished prior to the start of the public school year in late July 2007.

By Interim Order No. 23529, filed on June 29, 2007 ("Interim Order"), the commission approved HECO's expedited request, provided that HECO file an application within ten days from the date of the Interim Order. The Interim Order also reserved the rights of the commission and the Consumer Advocate to review the merits of the transaction subsequent to the submission of HECO's formal application, in accordance with the applicable laws, rules, and regulations.

B.

Application

On July 6, 2007, HECO timely filed its Application, in accordance with the Interim Order. In support of its Application, HECO represents:

1. HECO purchased its electric bus in 1995 and used it to shuttle employees between HECO's Ward Avenue Complex and its downtown offices.

2. In late 2004, the route normally used by the electric bus at the Ward Avenue Complex was eliminated by

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<sup>2</sup>See Letter dated and filed on June 22, 2007, from HECO to the commission, at 1.

preparation for the construction of the new Dispatch Center, which changed the pickup point from the ground floor of the Ward Avenue Complex to the third floor. Due to its size, the electric bus could not go up the ramp to the third floor of the Ward Avenue Complex. In addition, at that time, the electric bus was becoming more expensive to operate and maintain. As a result, in late 2004, HECO replaced the electric bus with regular vans to shuttle employees, and the electric bus has been parked in HECO's garage since then.

3. DBEDT is coordinating the State of Hawaii's support of the FIRST NASA Robotic program as part of Governor Lingle's Science, Technology, Engineering, Math ("STEM") initiative. Pursuant to a request from Governor Lingle, HECO is willing to donate its electric bus for use in the FIRST Robotics competition.

4. DBEDT plans to have the military (or a military contractor) refurbish the bus into a mobile tool workshop before the start of the public school year in late July 2007. As a mobile tool workshop, the bus will be used by schools that do not have the necessary tools or equipment for the Robotics competition, and also for emergency repairs at the Robotics competition.<sup>3</sup>

5. Regarding the accounting treatment of the proposed donation, HECO states that the electric bus is currently included in HECO's rate base. The net book value of the bus, as of

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<sup>3</sup>HECO notes that the electric bus will be used as a mobile tool workshop for at least three years, since the State of Hawaii has committed to hosting the Robotics regional competition for that time, beginning in 2008. See Application at 3.

December 31, 2006, was \$31,942.<sup>4</sup> If the commission approves the donation of the electric bus to DBEDT, HECO will record the transaction as a normal retirement with the original book cost recorded as a debit to Accumulated Depreciation and a credit to Utility Plant in Service. There would be no gain or loss in the transaction.

C.

Consumer Advocate's Position

On July 9, 2007, the Consumer Advocate filed its Statement of Position ("CA's Statement of Position"). In its review of the Application, the Consumer Advocate stated that it considered the following issues: (1) Was the proposed donation of the electric bus reasonable? (2) Will the proposed donation have a negative impact on HECO's ability to provide service? (3) Is the proposed accounting treatment of the transaction reasonable?

Regarding the first and second issues, the Consumer Advocate concluded that the donation of the electric bus to DBEDT was reasonable, and that HECO's ability to provide service will not be adversely impaired by the donation of the electric bus. As to the third issue, the Consumer Advocate stated, "it is unclear why HECO has proposed to treat the instant transaction as a plant retirement instead of as a disposition of an asset."<sup>5</sup> The Consumer Advocate, however, did not object to

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<sup>4</sup>HECO states that it purchased the bus for \$92,065 in 1995.

<sup>5</sup>CA's Statement of Position at 5.

HECO's proposed accounting treatment for the donation because the dollar value of the transaction is nominal in relation to HECO's overall net income and rate base.

## II.

### Discussion

HECO is requesting approval to donate the electric bus to DBEDT pursuant to Paragraph 13 of the "Conditions for the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc.," which is attached as Exhibit A to Order No. 7256, filed on September 29, 1982, in Docket No. 4337.<sup>6</sup> Paragraph 13 requires prior commission approval for transfers of property that is or was in HECO's rate base:

13. The Utility Corporation shall not transfer any of its property which is or was in the rate base nor assume any liabilities of Industries, directly or indirectly, without the prior approval of the Commission. The determination of the transfer value and the accounting and ratemaking treatment thereof shall be determined by the Commission at the time of approval of such transfer.

Based on HECO's representations regarding the purpose of the donation, and there being no objection by the Consumer Advocate, the commission finds HECO's request for approval of the donation to be reasonable and in the

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<sup>6</sup>HRS § 269-19 provides that a public utility is prohibited from, among other things, selling, leasing, assigning, mortgaging, encumbering, or otherwise disposing of its property that is necessary or useful in the performance of its duties to the public, without first obtaining the approval of the commission. HECO explains that it is not requesting approval of the proposed donation of the electric bus to DBEDT pursuant to HRS § 269-19 because the electric bus is no longer "necessary and useful" in the performance of HECO's duties to the public.

public interest. The commission further finds that HECO's recommended accounting treatment for the donation is reasonable. Thus, the commission concludes that HECO's Application should be approved.

III.

Orders

THE COMMISSION ORDERS:

1. HECO's Application, requesting approval to donate its electric bus to DBEDT for use as a mobile tool workshop for the FIRST NASA Robotics regional competition, is approved.

2. This docket is closed unless otherwise ordered by the commission.

DONE at Honolulu, Hawaii SEP 21 2007.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By Carlito P. Caliboso  
Carlito P. Caliboso, Chairman

By John E. Cole  
John E. Cole, Commissioner

APPROVED AS TO FORM:

By Leslie H. Kondo  
Leslie H. Kondo, Commissioner

Kaiulani Kidani Shinsato  
Kaiulani Kidani Shinsato  
Commission Counsel

2007-0169.eh

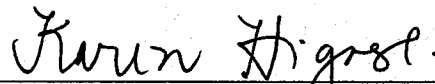
CERTIFICATE OF SERVICE

I hereby certify that I have on this date served a copy of the foregoing Decision and Order No. 23674 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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Karen Higashi

DATED: SEP 21 2007